

109TH CONGRESS
1ST SESSION

S. 1603

To establish a National Preferred Lender Program, facilitate the delivery of financial assistance to small businesses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 29, 2005

Ms. SNOWE introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To establish a National Preferred Lender Program, facilitate the delivery of financial assistance to small businesses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Lend-
5 ing Improvement Act of 2005”.

6 **SEC. 2. NATIONAL PREFERRED LENDERS PROGRAM.**

7 Section 7(a)(2) of the Small Business Act (15 U.S.C.
8 636(a)(2)) is amended by adding at the end the following:

9 “(E) NATIONAL PREFERRED LENDERS
10 PROGRAM.—

1 “(i) ESTABLISHMENT.—There is es-
 2 tablished the National Preferred Lenders
 3 Program in the Preferred Lenders Pro-
 4 gram operated by the Administration, in
 5 which a participant may operate as a pre-
 6 ferred lender in any State if such lender
 7 meets appropriate eligibility criteria estab-
 8 lished by the Administration.

9 “(ii) TERMS AND CONDITIONS.—An
 10 applicant shall be approved under the fol-
 11 lowing terms and conditions:

12 “(I) TERM.—Each participant
 13 approved under this subparagraph
 14 shall be eligible to make loans for not
 15 more than 2 years under the program
 16 established under this subparagraph.

17 “(II) RENEWAL.—At the expira-
 18 tion of the term described in sub-
 19 clause (I), the authority of a partici-
 20 pant to make loans for the program
 21 established under this subparagraph
 22 may be renewed based on a review of
 23 performance during the previous term.

24 “(III) EFFECT OF FAILURE.—
 25 Failure to meet the criteria under this

1 subparagraph shall not affect the eli-
 2 gibility of a participant to continue as
 3 a preferred lender in a State or dis-
 4 trict in which the participant is in
 5 good standing.

6 “(iii) IMPLEMENTATION.—

7 “(I) REGULATIONS.—As soon as
 8 is practicable, the Administrator shall
 9 promulgate regulations to implement
 10 the program established under this
 11 subparagraph.

12 “(II) PROGRAM IMPLEMENTA-
 13 TION.—Not later than 120 days after
 14 the date of enactment of this subpara-
 15 graph, the Administrator shall imple-
 16 ment the program established under
 17 this subparagraph.”.

18 **SEC. 3. MAXIMUM LOAN AMOUNT.**

19 Section 7(a)(3)(A) of the Small Business Act (15
 20 U.S.C. 636(a)(3)(A)) is amended by striking “\$1,500,000
 21 (or if the gross loan amount would exceed \$2,000,000)”
 22 and inserting “\$2,250,000 (or if the gross loan amount
 23 would exceed \$3,000,000)”.

1 **SEC. 4. SECTION 7(a) AUTHORIZATION FOR FISCAL YEAR**
 2 **2006.**

3 Section 20(e)(1)(B)(i) of the Small Business Act (15
 4 U.S.C. 631 note) is amended by striking
 5 “\$17,000,000,000” and inserting “\$18,000,000,000”.

6 **SEC. 5. ALTERNATIVE SIZE STANDARD.**

7 Section 3(a)(3) of the Small Business Act (15 U.S.C.
 8 632(a)(3)) is amended—

9 (1) by striking “When establishing” and insert-
 10 ing the following: “ESTABLISHMENT OF SIZE
 11 STANDARDS.—

12 “(A) IN GENERAL.—When establishing”; and

13 (2) by adding at the end the following:

14 “(B) ALTERNATIVE SIZE STANDARD.—

15 “(i) IN GENERAL.—Not later than 180
 16 days after the date of enactment of this sub-
 17 paragraph, the Administrator shall establish an
 18 alternative size standard under paragraph (2),
 19 that shall be applicable to loan applicants under
 20 section 7(a) or under title V of the Small Busi-
 21 ness Investment Act of 1958 (15 U.S.C. 695 et
 22 seq.).

23 “(ii) CRITERIA.—The alternative size
 24 standard established under clause (i) shall uti-
 25 lize the maximum net worth and maximum net

1 income of the prospective borrower as an alter-
2 native to the use of industry standards.

3 “(iii) INTERIM RULE.—Until the Adminis-
4 trator establishes an alternative size standard
5 under clause (i), the Administrator shall use the
6 alternative size standard in section 121.301(b)
7 of title 13, Code of Federal Regulations, for
8 loan applicants under section 7(a) or under title
9 V of the Small Business Investment Act of
10 1958 (15 U.S.C. 695 et seq.).”.

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